

FIEM INDUSTRIES LIMITED

ANNUAL REPORT 2019-20



fiem

LIGHT UP THE WORLD



PURSUIING **RESILIENCE**
.....▶ **AND AGILITY**
TO **LEAD THE GROWTH**



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A Resilient Performance

2019-20 has remained the most challenging year for automobile industry in recent times, two-wheeler industry registered a production de-growth of 14.14% and even deeper negative growth of 17.76% in domestic sales.

Despite these double digit negative growth in two-wheeler segment, Company has been able to perform much better than industry and achieved a sale of Rs.1366 Crores during FY 2019-20 in comparison to Rs.1434 Crores during the previous year, with a decline of 4.75%. This better than Industry growth could be possible because of the increase in share of the business with our customers. We believe that our increased share of business with our esteemed OEM customers has helped us to perform better in these difficult times.





Leveraging the Power of Resilience & Agility

At FIEM, we are now more focussed in aligning our systems that quickly respond to changing needs of our OEM customers and can scale-up quickly to serve the customers as per their needs. To improve the supply chain that are both efficient and cost effective to deal with unexpected challenges. This approach inherently require higher degree of adaptability and agility in the organisation. We are making it possible by proactively aligning our R&D, people, plants, processes and capacities to act swiftly as per customer needs.



Learning from this crisis is to have more focus on building agility and resiliency to perform effectively in turbulent times.

It also means being good at making sense of emerging conditions and redeploying resources to quickly counter or create advantage from them.

Resiliency is also associated with creative, prompt responses to minimize the impact of surprises and jolts that are not avoided. It is fundamentally about the “robustness” of the systems.

Company has upgraded its IT infrastructure and doing further improvements, enabling the employees to work with flexibility and agility. In today's time customers are more inclined to the partners who can respond and adjust quickly to changing circumstances to address their needs.

A crisis like this, requires us to think differently and adapt to a more innovative and dynamic approach to steer through and emerge stronger. Our Passion and Commitment to serve our customer better and strength of resilience and agility with growth oriented leadership will make this happen.

COVID-19 forcing the world to a new normal, where uncertainty are more frequent, hence in this new normal, resilience, agility and speed are biggest strengths. At FIEM, we embrace this new normal with our focus on delivering best to our valued customers.

➔ Fight Against Covid - 19



Protection by
Face Mask & Face Shield



Thermal Screening

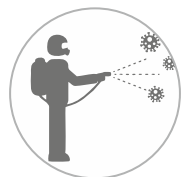


Hand Wash

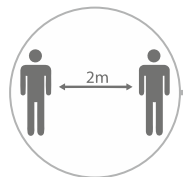




Tunnel Sanitisation



Sanitisation of Workstation



Social Distancing Maintained
at Work Place



Meeting Through
Video Conferencing



Chairman's Message





Dear Shareholders,

The year 2019-20 has remained a tough year for over all economy. According to data released by the National Statistical Office (NSO) in last week of May, 2020, India's economic growth slipped to 3.1 percent in the January-March quarter of 2019-20, showing impact of COVID-19 pandemic. With this, economic growth slowed down to an 11-year low of 4.2% in 2019-20. This clearly shows that year 2019-20 remained a highly challenging year for the Indian economy and impact of COVID-19 is continuing in current year as well.

Reflecting the slowdown in the overall Indian economy, 2019-20 proved to be another tough year for Automobile Industry and two-wheeler segment was not spared. Towards the financial year end, COVID-19 has further compounded the pain and a nationwide lockdown was declared by the government to contain the spread of virus. To ensure the health and safety of our employees and in compliance of directions of authorities, we had also suspended our operations across the factories of the Company from 23rd March onwards. After that, lockdown period extended by the government to contain the spread of virus and only during the 1st week of May, 2020 the operations started resuming in phased manner after ensuring all measures of social distancing, sanitisation and other safety measures.

During FY 2019-20, two-wheeler industry registered a negative production growth of 14.14% against the growth of 6.29% during FY 2018-19. Domestic sales of the two-wheeler has even registered a deeper negative growth of 17.76% and that de-growth has remained across the OEMs with the exception of Suzuki Motorcycle, which has registered a production growth of 7.52%.

In this background and these unprecedented difficult times, your Company has been able to perform much better than industry and achieved a sale of Rs.1366 Crores during FY 2019-20 in comparison to Rs.1434 Crores during the previous year, with a decline of 4.75%. This better than Industry growth could be possible because of the increase in share of the business with our customers. We believe that our increased share of business with our esteemed OEM customers has helped us to perform better in these difficult times.

Further, the Company has been able to earn an EBITDA of Rs.155.76 Crores being 11.40% during 2019-20 as against an EBITDA of Rs.155.26 Crores being 10.83% during FY 2018-19, this clearly reflects that company has been able to improve its operational efficiencies and improved its EBITDA percentage by 57 basis points.

PAT of the company has significantly increased to Rs.78.92 Crores during the year under review as compared to Rs.55.48 Crores during last year, resulting in an increase by 42.25%. This significant increase in PAT is attributable to the fact that Company has exercised the option permitted under the Income Tax Act, wherein domestic companies have the option to pay income tax at a lower rate of 25.17% against 34.94% paid by the Company in earlier years, subject to compliance of certain conditions.

FY 2019-20, has remained a challenging year for the overall Automobile Industry on the wake of weak demand on account of economic slowdown, price increases due to regulatory changes, consumption slowdown and the outbreak of the Coronavirus pandemic towards the end of the year. After a double-digit decline in the first half of FY 2019-20, the second half was even more difficult for the industry. The dispatches were lower in the second half of the year, as the industry sought to clear the BS-IV inventory with the dealerships before the regulatory deadline of March 31, 2020. Despite the slow growth, year 2019-20 marked the successful transition to BS-VI that too directly from BS-IV emission norms, within a span of 3 years period.

Over the years, your Company has shown resilient performance during the difficult times and continued its growth journey despite all disruptions and challenges. By leveraging the power of resilience and agility, your Company aim to emerge much stronger from the present challenges. Hence, we are now more focussed in aligning our systems that quickly respond to changing needs of our OEM customers and can scale-up quickly to serve the customers as per their needs. We further improving our supply chain that are both efficient and cost effective to deal with unexpected challenges. This approach inherently require higher degree of adaptability and agility in the organisation. We are making it possible by proactively aligning our R&D, people, plants, processes and capacities to act swiftly as per customer needs.

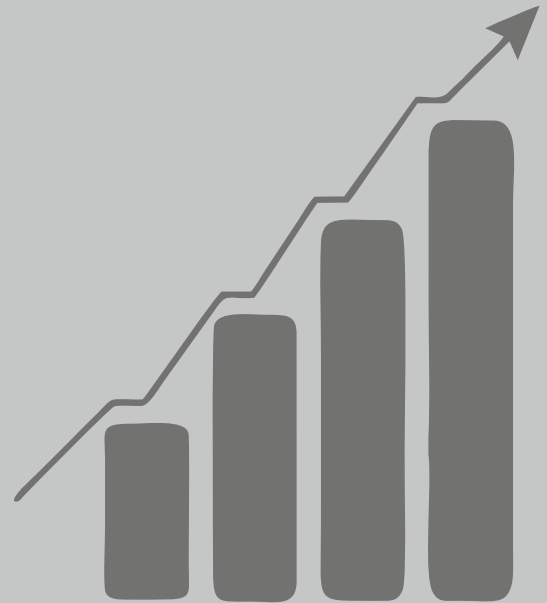
As we all know, we are passing through a very difficult and uncertain time and impact of COVID-19 is still continuing. The industry has observed a 40 plus day's lockdown and even after unlocking, the things are not normal and it will take some more time to realize the impact of this pandemic and lifting the sentiments in the economy. Health & safety of human life is most important, hence, we are taking utmost care of social distancing, sanitization and other safety measures in our operations across all locations.



Over the years, your Company has shown resilient performance during the difficult times and continued its growth journey despite all disruptions and challenges. By leveraging the power of resilience and agility, Company aim to emerge much stronger from the present challenges.



We are now more focussed in aligning our systems that quickly respond to changing needs of our OEM customers and can scale-up quickly to serve the customers as per their needs.



I believe that when the situation improves, the recovery will be swift in two-wheeler segment, because of the pent-up demand and preference of the people to travel alone rather than shared mobility or public transport. The rural economy is another hope for faster revival in two-wheeler segment. We remain focused on strengthening our in-house design and development capabilities and going ahead with the new project as per our customer plan. We continue to be one of the most preferred suppliers to the OEMs and successfully getting new business from OEMs because of their confidence in our R&D and production capabilities. Though these are very uncertain times, but we are closely watching the situation and are hopeful for a fast recovery.

I deeply acknowledge the patronage of our valued OEM customers and extend my gratitude for trust and confidence they reposed on us over the years. I am also thankful to all our Investors and other stakeholders for their co-operation and trust during all these times. We assure that we keep working hard for growth of the Company and betterment of all stakeholders.

I would like to wish you all a good health & safety amid this difficult time of COVID-19.

Kind Regards,
J. K. Jain,
Chairman & Managing Director



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